

Statement of
Donald Wilson
President, Association of Small Business Development Centers

April 30, 2003

Before the
U.S. House of Representatives Subcommittee on Veterans' Benefits

Chairman Brown, Ranking Member Reyes, and members of the House Subcommittee on Veterans' Benefits, I am Donald Wilson, President and CEO of the Association of Small Business Development Centers (ASBDC). ASBDC's members are the 58 State, Regional and Territorial Small Business Development Center (SBDC) programs comprising America's Small Business Development Center Network. SBDC programs are located in all 50 states, the District of Columbia, Puerto Rico, The Virgin Islands, Guam and American Samoa. The SBDC network is the federal government's largest small business management and technical assistance program with nearly 1,000 service centers nationwide serving more clients than all other U.S. Small Business Administration programs combined.

On behalf of the ASBDC, and the nearly 6,000 dedicated men and women serving small businesses through America's Small Business Development Center Network, I would like to thank you, Mr. Chairman, for inviting the Association to testify at this important hearing on HR 1460, The Veterans Entrepreneurship Act of 2003. I will direct most of my comments to HR 1460, the Veterans Entrepreneurship Act of 2003.

I want to commend Congressman Renzi for introducing HR 1460. We believe this is important legislation for our nation's veterans and for our economy. I also want to commend those who joined Congressman Renzi as principal co-sponsors of HR 1460, including you, Mr. Chairman, Subcommittee Ranking Member Michaud, Committee Chairman Smith, Committee Ranking Member Evans, Congressman Beauprez and House Small Business Committee Chairman Manzullo.

Mr. Chairman, as this Subcommittee knows so well, our nation's veterans throughout our nation's history have fought to preserve this nation and its freedoms -- personal, political and economic. Today in places all over the globe, future veterans are in harm's way to protect our national security and the freedoms we hold so dear.

For those who have borne the battle, who have served in our armed forces, it is extremely important that they be afforded every opportunity to prosper economically in this free society with its free market economy that they invested so much to protect. It is "all together fitting and proper" that Congress should strive to encourage those veterans who desire to be entrepreneurs. It is appropriate that Congress should seek to remove any impediments that may exist in our veterans programs that might deter a veteran who is an aspiring entrepreneur from seeking to achieve his or her goals.

Mr. Chairman, currently the small business sector of our economy accounts for 52% of the nation's gross domestic product. Fifty-one percent of non-farm private sector workers are employed by small businesses. Ninety-nine percent of employers today are small business owners. Small business in the last decade accounted for roughly 70% of the new jobs created in our economy.

Despite the fact that entrepreneurship is so critically important to our economic well being, there are very few opportunities for Americans to learn how to start and operate a small business. Entrepreneurship is not taught in our primary schools and only a tiny percentage of our secondary schools offer any type of entrepreneurship programs. Very few of our vocational or technical schools offer entrepreneurship programs. Fortunately, a number of our nation's collegiate business schools in the last decade have begun to offer entrepreneurship curricula. However, these programs are not accessible to most Americans. It is amazing that with one out of each 10 adult Americans seeking to start a business, according to recent research by the Ewing Kaufmann Foundation and Babson College, there are very limited opportunities for Americans to learn how to start and manage a business.

Congress sought to address some of these problems 23 years ago when it enacted legislation creating the Small Business Development Center program. America's Small Business Development Center Network last year alone provided face-to-face counseling of at least an hour and group training of at least two hours to over 650,000 existing business owners and aspiring entrepreneurs. Of that number, 8% were self-declared veterans. And we are confident that we serve many, many more veterans who simply do not self-identify as veterans. Overall the national SBDC program offered some type of business assistance last year to an estimated additional 1.25 million or more individuals. Since the program's inception, the national SBDC program has offered counseling and training assistance to over 10 million Americans.

Our success is somewhat extraordinary. Roughly 60% of our pre-venture clients go on to start businesses. Various studies indicate that roughly 80% of our startup clients who have had five hours of counseling or longer remain in business five years later. The average survival rate for a small business startup is roughly 20%. SBDC long-term counseling clients increase sales at a rate three times that of the average U.S. business. SBDC long term counseling clients created 1.20 jobs for every 0.125 jobs created by the average U.S. business.

SBDC counselors find that veterans are often particularly suited for a career in entrepreneurship. Veterans are often highly disciplined. They are used to long hours and adverse circumstances. They are used to being exposed to risk. Many veterans have finely honed leadership skills and understand personnel management. All of these attributes can be vitally important in the entrepreneurial arena.

Recognizing this, we believe it is extremely important that this committee address the issue of access by veterans to entrepreneurial training. ASBDC has worked cooperatively in recent years with numerous veterans groups through its membership in the Task Force for Veterans' Entrepreneurship. ASBDC to my knowledge was the first non-veterans group to publicly urge enactment of Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act. A meaningful number of SBDC state directors are veterans and a significant

number of SBDC service center directors and counselors are veterans. Many SBDCs service centers work with the Department of Defense in their transition programs offering introductory information regarding entrepreneurship as a possible career option.

Unfortunately, Veterans Administration programs and the G.I. Bill have historically been designed to assist veterans to find employment working for others. If the Kauffman foundation figures are correct regarding the percentage of Americans desirous of starting their own businesses, at least 10% of veterans are likely aspiring entrepreneurs.

SBDC and others offer quality non-degree courses in entrepreneurship. Nationally known curricula such as Fasttrac and NextLevel are offered at most SBDCs. These courses are also available at other venues. These comprehensive courses are on average about 13 weeks long requiring three hours of classroom work every week. Unfortunately, many individuals who need these courses and want them are deterred from taking them because they can cost, depending on circumstances, in the range of \$500 to \$700. SBDCs over the years have worked very hard to find private sector assistance to provide partial scholarships for these programs, recognizing their value to aspiring entrepreneurs as well as existing business owners.

ASBDC believes that allowing veterans to use their Montgomery G.I. Bill benefits to enroll in qualified non-degree business management courses would greatly expand opportunities for entrepreneurial success for our nation's veterans. We commend the authors of this legislation for insuring that disabled veterans, dependent spouses and children of disabled veterans or deceased veterans, as well as members of the National Guard and Reserves, are all eligible.

We also fully support the provisions of HR 1460 allowing disabled veterans enrolled in school under a VA vocational rehabilitation program to establish self-employment in a small business enterprise as a vocational goal. Clearly, self-employment is a legitimate vocational goal and should be recognized as such. With today's technologies it has become much more practical for the disabled to operate home-based businesses. ASBDC is currently exploring with the Department of Veterans Affairs the most effective ways to address the entrepreneurial counseling needs of disabled veterans in their homes using computers for real time, face-to-face counseling.

Mr. Chairman, as the Department of Labor has repeatedly reported, when unemployment goes up, self-employment goes up. For veterans who have had difficulty finding employment and for those who have an entrepreneurial bent, owning a small business may offer the most practical road to financial stability and independence. ASBDC and the 6,000 members of the SBDC national network commend this Subcommittee for holding this hearing today and for allowing ASBDC to be a participant. We commend HR 1460 to you and urge its passage.

At this time Mr. Chairman I would be pleased to try and respond to any questions you or members of this committee may have.

CURRICULUM VITAE

**Donald Wilson
President/CEO
Association of Small Business Development Centers**

Donald Wilson is the President/CEO for the Association of Small Business Development Centers (ASBDC). He assumed his current position with ASBDC in May of 2001, after having served as the association's Director of Government Affairs for two years.

Prior to coming to ASBDC, Don was for fifteen years Director of Government Relations for the National Tire Dealers and Retreaders Association (NTDRA). NTDRA, with over 5,500 members, was a well-respected small business retail association. During his last few years with the NTDRA, Don also served as the association's General Manager in addition to his responsibilities as Director of Government Relations.

Mr. Wilson joined the Tire Dealers Association after serving ten years as Chief of Staff to three different Members of the U.S. House of Representatives. Prior to going to work on Capitol Hill, Don taught United States History and Public Speaking for a number of years at the secondary school level.

Mr. Wilson is a graduate of the University of North Carolina at Chapel Hill with a major in United States History and a Minor in Political Science. He also studied law for two years at the University of North Carolina School of Law and attended the University of Miami's Institute for the Study of Law and Economics.

Mr. Wilson and his wife, Ann, have two children and reside in Falls Church, Virginia.

WITNESS DISCLOSURE STATEMENT

(Required by the Rules of the U.S. House of Representatives)

Association of Small Business Development
Centers (ASBDC)
8990 Burke Lake Road, 2nd Floor
Burke, VA 22015
April 23, 2003

The Honorable Henry E. Brown, Jr.
Chairman
Subcommittee on Benefits
Committee on Veterans' Affairs
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am presenting the above testimony for the record of the Subcommittee's hearing on April 30 as a witness representing the Association of Small Business Development Centers and appearing in a nongovernmental capacity.

I am making the following disclosure of Federal contracts received by the Association of Small Business Development Centers (ASBDC) as required by the Rules of the U.S. House of Representatives.

1. ASBDC annual contract with the U.S. Small Business Administration to perform Small Business Development Center (SBDC) certification: \$129,150.00.
2. ASBDC contract in 1999 with the U.S. Small Business Administration for Y2K information and remediation: \$1.3 million.

If you require any additional information, I can be reached at the above address or by phone at 703-764-9850. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Donald Wilson".

Donald Wilson
President and CEO